

AR49

LaSalle

Annual Report 1966

*For 12 months
ending January 31,
1966*

Lee J



*LaSalle Factories Ltd.
rolls out the red carpet
for its Grand Opening
in Hull, Que.*



MANUFACTURERS OF TAILORED-TO-MEASURE AND READY-TO-WEAR CLOTHING, UNIFORMS FOR MILITARY AND CIVILIAN USE. RETAIL DISCOUNT DEPARTMENT STORES FOR FAMILY ECONOMY SHOPPING.

SCOTT - LaSALLE LTD.



Stores from Coast to Coast featuring our Tailored-to-Measure Clothes

SCOTT - LaSALLE LTD.

RAPPORT DES DIRECTEURS AUX ACTIONNAIRES DE SCOTT-LaSALLE LTD.

Une fois de plus vos Directeurs sont heureux de vous annoncer que l'année qui se termine a été la plus fructueuse de notre histoire.

Trois nouvelles succursales des Manufactures La Salle Ltée ont été inaugurées au cours de l'année, l'une à Pierrefonds, une autre à Granby et une troisième à Lachine, toutes trois dans la Province de Québec.

Depuis le terme de notre année fiscale une deuxième succursale a été inaugurée à Hull, Qué. dans un édifice moderne, conçu spécialement pour notre genre de commerce. Des projets sont en voie de réalisation pour l'ouverture de nouvelles succursales en 1966.

Chacun des magasins de la chaîne aussi bien que la section manufacturière accusent une augmentation des ventes. L'augmentation des revenus s'avère également des plus satisfaisantes. Le profit net consolidé avant déduction de l'impôt sur le revenu était de \$779,592 comparativement à \$655,606 pour l'année précédente, soit une augmentation de 19%.

Les profits après déduction de l'impôt sur le revenu équivalaient à \$1.71 par action. L'an dernier ils s'établissaient à \$1.42.

Dans le passé il n'était pas dans nos habitudes de divulguer le chiffre d'affaires, mais cette année nous le déclarons pour nous conformer au Canada Corporations Act qui devint loi le 1er juillet 1965 et s'applique à toutes les Compagnies à incorporation fédérale.

L'état financier de votre Compagnie continue de s'affermir avec un capital d'exploitation qui de \$2,551,829 est passé à \$2,747,481. L'excellence de cet état financier s'affermira encore davantage par une émission particulière d'obligations à longs termes, transaction complétée depuis la fin de notre exercice financier. Cette émission a été réalisée à des taux très avantageux et nous permettra de poursuivre notre programme d'expansion sans affecter le capital d'exploitation et de résoudre le problème qui découle de la situation actuelle du marché financier. L'actif courant excède le passif courant dans la proportion de 2.37 à 1.

Votre Compagnie a toujours eu, comme objectif principal, d'offrir à sa clientèle, la meilleure valeur pour chaque dollar d'achat. Cette politique et l'utilisation croissante de nos ressources manufacturières, nous permettant de produire, de plus en plus, des articles vendus à meilleur compte dans nos magasins, continueront à renforcer la position de votre Compagnie face à la concurrence.

C'est avec un profond regret que nous vous informons du décès de notre vice-président, Irving-H. Scott. Son dévouement aux intérêts de la Compagnie durant les 35 dernières années a largement contribué à sa croissance et à son succès. C'est une lourde perte.

Nous vous demandons d'ajouter trois nouveaux membres au Conseil d'Administration, en portant ainsi le nombre à dix.

Vos directeurs souhaitent la bienvenue à chacun des nouveaux actionnaires inscrits depuis le dernier rapport annuel et souhaitent que les relations entre la Compagnie et les actionnaires, anciens et nouveaux, seront toujours des plus agréables.

Vos directeurs désirent également souligner leur appréciation de la diligence, de la compétence, de la loyauté et de la collaboration amicale des administrateurs, gérants et employés dont le nombre s'élève aujourd'hui à environ 1200 membres.

REPORT OF DIRECTORS TO SHAREHOLDERS OF SCOTT-LaSALLE LTD.

Once again your Directors are pleased to report the most successful year in all respects in our history.

Three new LaSalle Factory outlets were opened during the year, one in Pierrefonds, another in Granby and a third in Lachine, all in the Province of Quebec.

Since the close of our fiscal year a second store was opened in Hull, Quebec, in a new, modern building, built especially for our purpose. Arrangements are either completed or being completed for additional stores to be opened in 1966.

Every store in the chain, as well as the manufacturing division showed increased sales. Earnings also increased most satisfactorily. Consolidated net profit before income tax was \$779,592. compared to \$655,606. for the previous year. An increase of 19%.

Profit after income tax was equal to \$1.71 per share. Last year it was \$1.42.

It has not been our policy in the past to divulge our sales volume, but this year we have, in order to comply with the Canada Corporations Act which became law July 1st, 1965, for all Federally Incorporated Companies.

Your Company's financial position has continued to strengthen, with working capital increased from \$2,551,829. to \$2,747,481. The financial position will be strengthened further by a long term privately placed debenture which has been finalized since the close of our fiscal year. This debenture was placed at most advantageous rates and will enable us to proceed with our expansion programme without any impairment of working capital and at the same time meet the problem which industry, in general, is concerned with in the present day financial markets. Current assets exceed current liabilities in the ratio of 2.37 to 1.

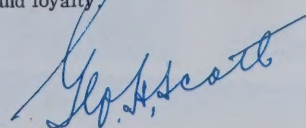
The main objective of your Company's policy is, as always, to give its customers the utmost in value for their dollar. This, coupled with the increasing utilization of our manufacturing facilities to produce more and more of the things we sell for less and less in our stores, will continue to strengthen your Company's competitive position.

It is with deep regret that we report the loss, through death, of our Vice-President, Irving H. Scott. His devotion to the Company over 35 years contributed greatly to its growth and success. His loss is sorely felt.

You are being requested to increase the Board of Directors by 3, bringing its complement to 10.

Your Directors extend a welcome to every new Shareholder since the last annual report and trust that the relationship between the Company and its Shareholders, new and old, will prove to be a gratifying one.

Your Directors wish to express their appreciation to the Executive Staff, Managers and Employees, totalling approximately 1,200 members for their diligence, competence, friendly co-operation and loyalty.



MCDONALD, CURRIE & CO.

CHARTERED ACCOUNTANTS

INTERNATIONAL FIRM
COOPERS & LYBRAND

TELEPHONE 875-5140
630 DORCHESTER BOULEVARD WEST
MONTREAL 2, CANADA

April 18, 1966

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Scott-LaSalle Ltd. and subsidiary companies as at January 31, 1966 and the consolidated statements of earnings, retained earnings and source and use of funds for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and consolidated statements of earnings, retained earnings and source and use of funds, when read in conjunction with the notes thereto, present fairly the consolidated financial position of the companies as at January 31, 1966 and the consolidated results of their operations for the year ended on that date in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

M. McDonald, Currie & Co.

CHARTERED ACCOUNTANTS

SCOTT - LaSALLE LTD.

AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF EARNINGS FOR THE YEAR ENDED JANUARY 31, 1966

	1966 \$	1965 \$
SALES AND OTHER REVENUE	19,068,601	17,090,870
COSTS AND EXPENSES		
Cost of sales and operating expenses.....	17,972,976	16,141,938
Depreciation of fixed assets.....	98,808	85,046
Amortization of leasehold improvements...	33,205	18,600
Directors' fees.....	1,000	1,000
Directors' salaries	129,849	130,744
Interest on funded debt	54,971	59,811
	18,290,809	16,437,139
OPERATING INCOME	777,792	653,731
INCOME FROM MARKETABLE INVESTMENTS	1,800	1,875
	779,592	655,606
PROVISION FOR INCOME TAXES	392,340	339,430
NET EARNINGS FOR THE YEAR	387,252	316,176

CONSOLIDATED STATEMENT OF RETAINED EARNINGS FOR THE YEAR ENDED JANUARY 31, 1966

	1966 \$	1965 \$
BALANCE - BEGINNING OF YEAR	1,833,035	1,588,899
Net earnings for the year	387,252	316,176
Excess of book value of net assets of subsidiary company purchased during the year over cost of investment	-	16,536
	2,220,287	1,921,611
Dividends paid	89,414	88,576
BALANCE - END OF YEAR	2,130,873	1,833,035

SCOTT - L

AND SUBSIDIAR

CONSOLIDATED BALANCE S

ASSETS

CURRENT ASSETS

	1966 \$	1965 \$
Cash	81,361	31,237
Marketable investments - at cost (quoted value 1966 - \$35,600; 1965 - \$37,400)	40,000	40,000
Accounts and notes receivable	792,850	825,049
Inventories - at the lower of cost or net realizable value	3,754,898	3,445,132
Prepaid expenses	80,238	54,381
	<u>4,749,347</u>	<u>4,395,799</u>

OTHER ASSETS

Cash surrender value of life insurance.....	11,783	10,575
Rental advance on long-term lease	11,500	11,500
Loan receivable	-	30,000
	<u>23,283</u>	<u>52,075</u>

FIXED ASSETS

Land, buildings and equipment - at cost....	1,583,680	1,381,359
Accumulated depreciation	935,802	839,619
	<u>647,878</u>	<u>541,740</u>

LEASEHOLD IMPROVEMENTS - at cost

(less amortization 1966 - \$150,533; 1965 - \$117,328)	104,828	99,478
	<u>5,525,336</u>	<u>5,089,092</u>

SIGNED ON BEHALF OF THE BOARD

G. H. SCOTT, Director

I. A. Martin, Director

ALLE LTD.

COMPANIES

T AS AT JANUARY 31, 1966

LIABILITIES

CURRENT LIABILITIES

Bank advances	821,707	535,971
Accounts payable and accrued liabilities....	883,774	995,924
Income and other taxes.....	240,135	252,075
Funded debt payable within one year	56,250	60,000

<u>2,001,866</u>	<u>1,843,970</u>
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FUNDED DEBT (note 1)

<u>829,000</u>	<u>889,250</u>
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<u>2,830,866</u>	<u>2,733,220</u>
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SHAREHOLDERS' EQUITY

CAPITAL STOCK

Authorized - (note 2)		
320,000 common shares without nominal or par value		
Issued and fully paid - (note 3)		
226,515 shares (1965 - 222,090 shares)...	463,597	422,837

CONTRIBUTED SURPLUS

(paid in by certain shareholders of the company).....	100,000	100,000
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RETAINED EARNINGS

<u>2,130,873</u>	<u>1,833,035</u>
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<u>2,694,470</u>	<u>2,355,872</u>
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<u>5,525,336</u>	<u>5,089,092</u>
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SCOTT - LaSALLE LTD.

AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS FOR THE YEAR ENDED JANUARY 31, 1966

SOURCE OF FUNDS

	1966 \$	1965 \$
Net earnings for the year	387,252	316,176
Add: Charges not requiring cash outlay -		
Depreciation of fixed assets	98,808	85,046
Amortization of leasehold improvements	33,205	18,600
	<u>519,265</u>	<u>419,822</u>
Repayment of loan receivable	30,000	-
Proceeds from issue of common shares	40,760	17,720
Reduction of portion of funded debt payable within one year	3,750	-
Working capital of subsidiary company acquired during the year	-	108,287
	<u>593,775</u>	<u>545,829</u>

USE OF FUNDS

Dividends paid	89,414	88,576
Repayment of 6% loan from Industrial Development Bank	30,000	30,000
Purchase of 6% sinking fund debentures	34,000	37,500
Increase in cash surrender value of life insurance	1,208	1,242
Purchase of fixed assets - net	204,946	147,620
Purchase of leasehold improvements	38,555	48,432
Investment in shares of subsidiary company	-	50,480
	<u>398,123</u>	<u>403,850</u>

INCREASE IN WORKING CAPITAL

WORKING CAPITAL - BEGINNING OF YEAR	2,551,829	2,409,850
Increase in working capital	195,652	141,979
WORKING CAPITAL - END OF YEAR	<u>2,747,481</u>	<u>2,551,829</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JANUARY 31, 1966

1. FUNDED DEBT

a) Funded debt includes the following:

	1966 \$	1965 \$
6% sinking fund debentures, Series A, due May 1, 1980.....	910,000	940,000
Sinking fund requirements - \$30,000 in 1966 \$60,000 in each of the years 1967-79 and \$100,000 on May 1, 1980 Debentures purchased and held for redemption.....	<u>51,000</u> 859,000	<u>47,000</u> 893,000
6% loan payable to Industrial Development Bank (secured by 6% first mortgage bond) - repayable by semi-annual instalments of \$15,000.....	<u>26,250</u> 885,250	<u>56,250</u> 949,250
Instalments included with current liabilities.....	<u>56,250</u> <u>829,000</u>	<u>60,000</u> <u>889,250</u>

b) On March 30, 1966 the company issued for cash \$600,000 6 1/2% secured debentures, Series B, repayable by annual instalments of \$40,000 each commencing April 1, 1967.

2. RESERVATIONS OF CAPITAL STOCK

a) The Series A debentures have attached thereto share purchase warrants entitling the holders thereof to subscribe for common shares of the company at the rate of 10 shares for each \$500 principal amount of debentures at the following prices:

\$12 per share to June 30, 1966

\$14 per share thereafter to June 30, 1968

\$16 per share thereafter to June 30, 1970

Of the authorized capital 18,370 unissued common shares are reserved for this purpose.

b) Options to purchase 1,915 common shares of the company at \$8 per share on or before December 31, 1966 have been granted to certain senior employees and officers of the company and its subsidiaries.

c) In addition, options have been granted for an indefinite period to certain employees of the company and its subsidiaries, under an employees' stock purchase plan, to purchase up to 10,000 shares at varying prices to be not less than \$13.50 per share.

3. COMMON SHARES ISSUED

During the year 4,425 shares were issued for \$40,760 cash.

STATEMENT OF COMBINED EARNINGS FOR THE LAST 8 YEARS

Year ended	Consolidated earnings before depreciation and amortization interest on loans and income taxes	Depreciation and Amortization	Interest on Loans	Consolidated Earnings before Income Taxes	Income Taxes	Consolidated net Earnings
Dec. 31 1958	\$ 315,802	\$ 41,580	\$ 11,647	\$262,575	\$120,702	\$141,873
Dec. 31 1959	304,675	46,028	16,251	242,396	121,492	120,904
Dec. 31 1960	380,311	56,216	16,625	307,470	144,700	162,770
Dec. 31 1961	466,197	74,919	12,733	378,545	195,780	182,765
Dec. 31 1962	517,324	81,678	89,285	346,361	149,800	196,561
Jan. 31 *1964	741,989	90,025	111,547	540,417	267,350	273,067
Jan. 31 1965	869,543	103,646	110,291	655,606	339,430	316,176
Jan. 31 1966	1,019,363	132,013	107,758	779,592	392,340	387,252

*1963 (13 month period ending Jan. 31, 1964)

SCOTT - LaSALLE LTD.

FACTORY and EXECUTIVE OFFICES

210 St. Jean Street, Longueuil, P.Q.

BOARD OF DIRECTORS

D.B. FICKETT
C. GAVSIE, Q.C.
I.A. MARTIN

N. SCOTT

G.H. SCOTT
I.H. SCOTT (*deceased*)
J. SCOTT

OFFICERS

G.H. SCOTT, *President*
I.H. SCOTT, *Vice-President (deceased)*
J. SCOTT, *Secretary*
N. SCOTT, *Treasurer*
D.B. FICKETT, *Comptroller*

REGISTRAR & TRANSFER AGENT

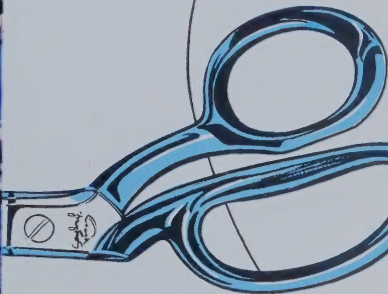
ROYAL TRUST COMPANY

BANKERS

BANK OF MONTREAL

AUDITORS

MCDONALD, CURRIE & CO.
CHARTERED ACCOUNTANTS



SCOTT - LaSALLE LTD

*Manufacturing plant headquarters at Longueuil, Que.
employing over 1,000 skilled craftsmen and craftswomen producing quality wearing apparel.*



BOND CLOTHES SHOPS

QUEBEC

Cote St. Luc
Drummondville
Granby
Grand'Mere
Lachine
Longueuil
Montreal
• Craig W.
• Mount Royal E.
• Notre Dame W.
• Phillips Square
• Rosemount

St. Eustache
St. Jerome
St. Laurent
Three Rivers
Valleyfield
Ville Emard
Ste. Foy

NEW BRUNSWICK

Saint John

MANITOBA

Winnipeg

SASKATCHEWAN

Regina

Saskatoon

ALBERTA

Calgary

ONTARIO

Guelph
Hamilton
Islington
Kirkland Lake
Kitchener
London
Dundas E. (2)
New Toronto
Oshawa

Ottawa
Peterborough
Port Credit
Scarboro
St. Catharines
Toronto
• Bloor W.
• Dufferin
• Dundas W.
• Eglinton W.
• Overlea Bl.
Welland
Windsor
Weston

LaSalle FACTORY STORES

QUEBEC

Dorval
Douville
Drummondville South
Granby

Hull (2)

Lachine
Lachute
Pierrefonds
Three Rivers

MONTREAL

• Iberville St.
• Notre Dame West
• St. Lawrence Blvd.
Longueuil

ONTARIO

Bell's Corners
Hawkesbury